

CARL T.C. GUTIERREZ  
GOVERNOR

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LT. GOVERNOR

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October 31, 1996

EX PARTE OR LATE FILED

By Hand

William F. Caton  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

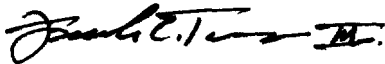
Re: CC Docket 96-45; Federal State Joint Board on Universal Service

Dear Mr. Caton:

This is to report that the attached letter was sent today by the Governor of Guam, Carl T.C. Gutierrez, to each member of the Federal State Joint Board on Universal Service. In his letter, Governor Gutierrez urged the Joint Board to adopt meaningful recommendations to ensure that all of our nation's schools and libraries have access to the information superhighway.

Should there be any questions about the Governor's correspondence and/or the above referenced proceeding, please contact me at the Guam Washington Liaison Office (202-624-3670) or Mr. Robert Kelley, at the Governor's Office in Guam (+671-475-9323).

Sincerely,



Frank C. Torres, III  
Executive Director

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EX PARTE OR LATE FILED

CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

October 31, 1996

Reed Hundt, Chairman  
Federal Communications Commission  
1919 M Street, NW, Room 814  
Washington, DC 20554

Subject: Ensuring Universal Service Access for Education  
CC Docket No. 96-45

Dear Chairman Hundt:

I am writing to urge the Federal-State Joint Board on Universal Service to adopt a meaningful approach to ensure universal access for our nation's schools and libraries.

I know that the Board is examining ways to determine the service cost for connectivity. An initial step is to find a fair and equitable benchmark rate, which could be determined by taking a nationwide average of service charges for urban areas with competitive markets for access. The rate for schools and libraries would be a percentage reduction from that benchmark. To make access affordable the discount must be meaningful.

This "national access charge" would level the playing field by giving the same discounted rates to all schools and libraries regardless of the distance to the nearest provider. Because no school or library should be denied access because of an inability to pay, the Board should also establish a mechanism to ensure that those institutions without adequate resources to afford even the discounted rates can get at least a minimum level of service.

A proposal offered by President Clinton, and backed by Secretary Riley, Secretary Glickman and Secretary Kantor, addresses these items. The proposal calls for free access to a basic package that includes the Internet and discounts for advanced communication services. Such a plan, referred to as the E-Rate, would ensure that teachers and students on Guam, as well as other remote areas of the nation, will benefit from the vast educational resources available on the information superhighway.

For service providers, the difference between the discounted rate and the actual cost of providing service would be taken out of the Universal Service Fund. While the Telecommunications Act requires that there be at least one designated service provider, more than one provider could offer service, and therefore be eligible for Universal Service Funds. Since the funding is portable, the scheme encourages competition.

Chairman Hundt  
October 31, 1996  
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Another issue facing the Board is whether to use Universal Service Funds to "hardwire" schools and libraries. Clearly, Congress and the President have made meaningful access to the information superhighway a national priority. Providing free or discounted services to schools and libraries that are not wired, or do not have the hardware to access those services, does not meet that goal.

However, with cost estimates for wiring the nation's schools and libraries and providing related hardware between 6 and upwards of 40 billion dollars, use of the Universal Service Fund alone may not be the answer. Instead, a percentage of the Fund could be set aside to ensure a minimum level of hardwiring and hardware for schools and libraries that do not have the resources to fund such an effort. Additionally, it may be appropriate to use the Telecommunication Development Fund, as provided in Section 714 of the Telecommunications Act, to pay for wiring and equipment. Finally, there are other stakeholders who can make up the difference.

President Clinton has already stated the Administrations funding commitment. This commitment, coupled with use of the Universal Service Fund, and through endeavors such as NetDay, will enable us to meet the challenge of getting our children on the information superhighway. Businesses, state and local governments, educational systems, individuals have all joined in getting schools and libraries on-line. But more needs to be done. The Board should continue to assess the progress of universal access in our schools and libraries, and modify its recommendations accordingly.

As the November 8 deadline for making recommendations approaches, I thank you for your efforts to bring the power of telecommunications technology to our children.

Cordially,

  
Carl T. C. Gutierrez  
Governor